

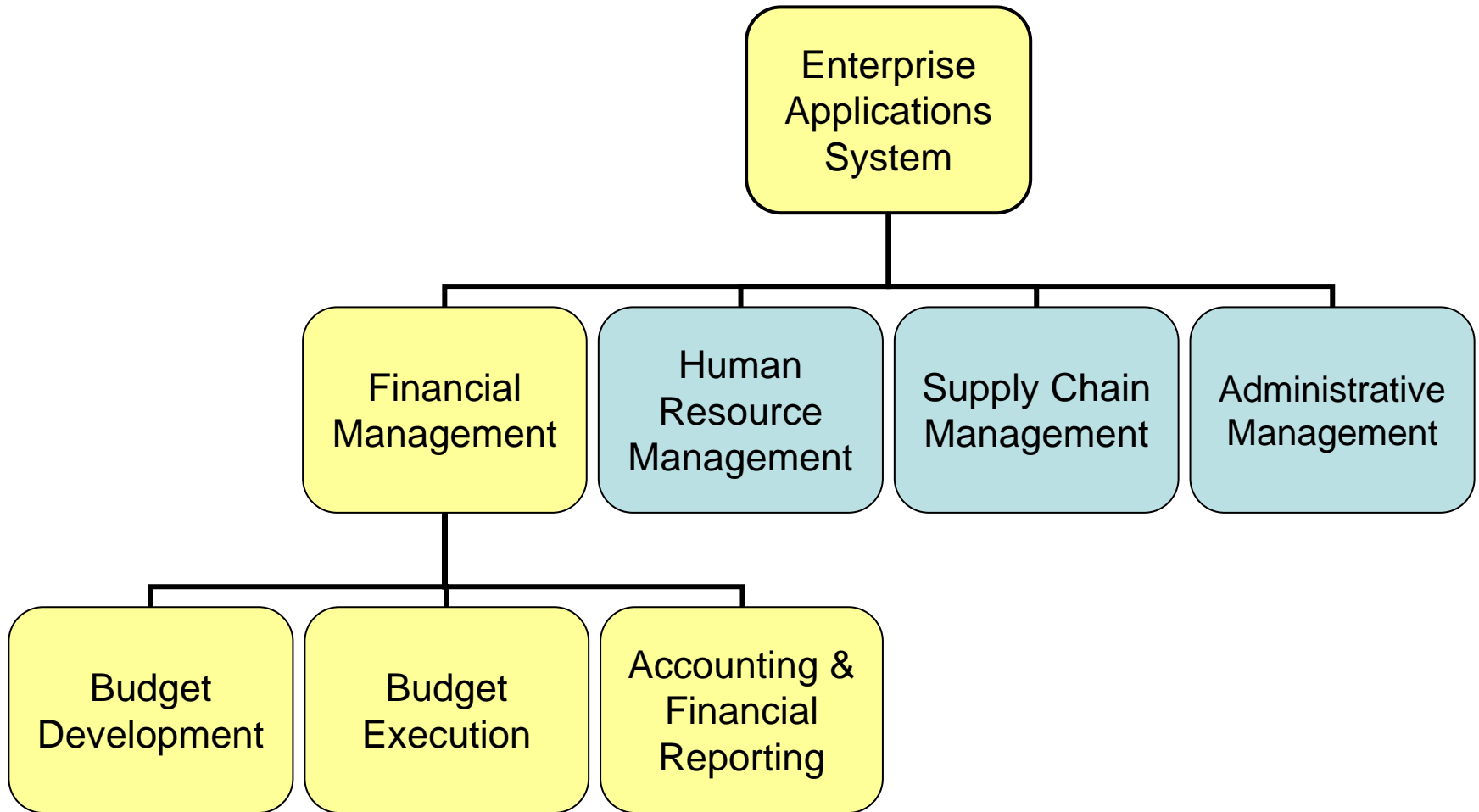
# Enterprise Applications

Status Update provided to the ITIB  
Solutions Committee

October 18, 2006

Jody M. Wagner  
Secretary of Finance

# Overview of the Enterprise Applications System



# Enterprise Applications

- Phase 1 – Financial Management System
  - Program begins upon approval of ITIB (Nov 2006).
    - Deliverable #1 – New ERP-based Budget Development System (June 2008).
    - Deliverable #2 – New ERP-based Integrated Financial Management System – includes Budget Development & Execution and Accounting & Financial Reporting (June 2009).
  - Beyond Phase 1 – Human Resource, Supply Chain, and Administrative Management Systems. Specific order to be determined.

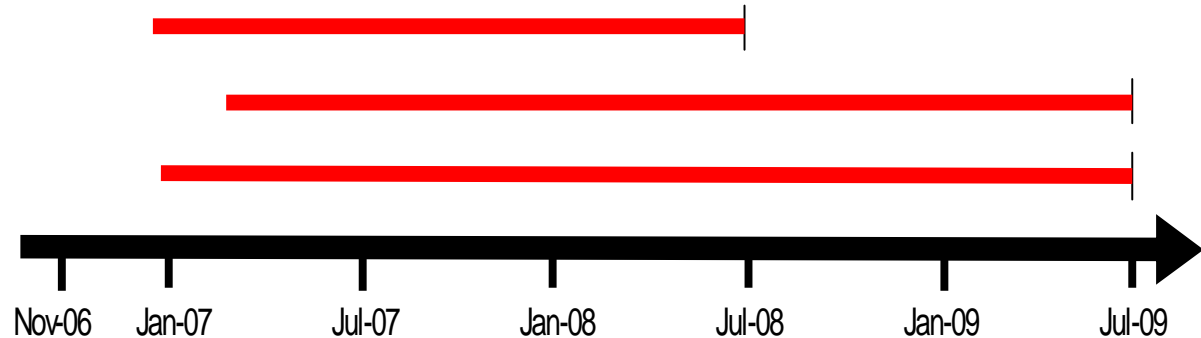
# Enterprise Applications

## Major Projects

Budget Development System

Budget Execution System

Accounting & Reporting

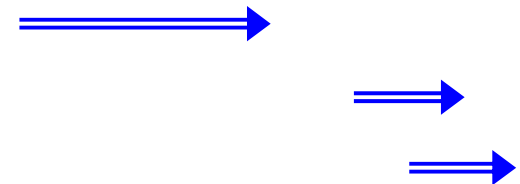


## Processes Using New ERP Functions

Budget Amendment Cycle

Biennial Budget Development

Budget Execution, Accounting & Reporting



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- Why start with Financial Management?
  - If an Enterprise solution was not being considered at this time, the Commonwealth would still face the need to replace its financial systems.
    - We would still be reviewing business processes.
    - We would still be considering an ERP software solution.
    - We would still be hiring an integrator.
  - Current systems do not support the needs of most state agencies. Over 150 separate financial systems of various types were discovered during due diligence.

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- Why start with Financial Management? - *continued*
  - Risk of system failure and the diminishing pool of knowledge to support these antiquated systems.
  - The potential exists for material errors that could lead to internal control findings or audit qualifications resulting from risks associated with antiquated systems. Concerns include:
    - Processes that require manual intervention.
    - Significant data analysis and manipulation are required that adversely impacts timely financial reporting.
    - Weaknesses in numerous reports as cited by the APA .

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- Phase 1 Cost Breakdown
  - Costs by deliverable are currently being scrubbed.
  - Charter & Proposal for ITIB will provide costs for the Financial Management Program and by each project deliverable:
    - Performance Budgeting System
      - » Program Management - (COVA, Integrator)
      - » Vendor Costs – (Product, Service, Maintenance)
    - Balance of Integrated Financial Management System
      - » Program Management - (COVA, Integrator)
      - » Vendor Costs – (Product, Service, Maintenance)

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- Funds will come from several sources, released by ITIB (through VTIF) as appropriate.
  - Current General Fund Appropriation – \$11 million split between years: \$5.5 million in FY 2007 and \$5.5 million in FY 2008.
  - Additional funds will be needed. Sources will need to include:
    - Additional General Fund support from the General Assembly
    - Enhanced collections in partnership with CGI-AMS



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- Next Steps
  - Draft Charter & Proposal for ITIB review will be submitted to the VITA PMD, CIO, and ITIB (Nov 2006).
    - First funding request to the ITIB will focus on approval of the release of the appropriated \$11M toward the major project deliverables.
  - Engage recruiter (Oct 2006), initiate search and select permanent EA Director (Oct – Nov 2006), hire is subject to ITIB approval (Dec 2006).

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- Next Steps - *continued*
  - Complete ERP platform selection.
  - Engage agencies to provide required financial management expertise.
    - Core team members
    - Subject matter experts

# Enterprise Applications

Questions?

